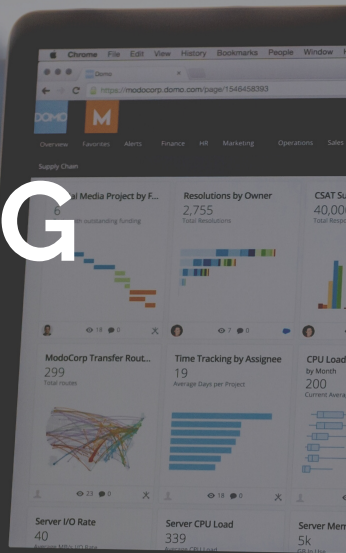


FACTOR INVESTING

- Improve Portfolio Outcomes
- Reduce Volatility
- Enhance Diversification



What is Factor Investing?

Factor investing is an investment approach that involves targeting specific drivers of return across asset classes.

Global markets are made up of dozens of asset classes and millions of individual securities...making it challenging to understand what really matters for your portfolio. But there are a few important drivers that can help explain returns across asset classes. These FACTORS are broad, persistent drivers of return that are critical to helping investors seek a range of goals from generating returns, reducing risk, to improving diversification.

Institutional investors and active managers have been using factors to manage portfolios for decades. Today, you are able to get access to factor-based investing through the Foundations partnership with BlackRock®.

There are two main types of Factors

Macroeconomics



Economic Growth

exposure to the business cycle



Real Rates

Risk of interest rate movements



Inflation

Exposure to change in prices



Credit

Default risk from lending to properties



Emerging Markets

Political and sovereign risks



Liquidity

Holding illiquid assets

Style



Value

Stocks discounted relative to their fundamentals



Minimum Volatility

Stable, lower-risk stocks



Momentum

Stocks with upward price trends



Quality

Financially healthy companies



Size

Smaller, high-growth companies



Carry

Income incentive to hold riskier securities

Estimated Growth of Factor-Based Investing

\$3.4 trillion

2022*



\$1.9 trillion

Present

*estimated

Source: BlackRock, Simfund for mutual fund data, BlackRock for ETF data, eVestment and Preqin for institutional and alternative data. Mutual fund and ETF data as of 12/31/17, eVestment and Preqin as of 9/30/17. Excludes fund of funds. Projections exclude the impact of beta.

GET ACCESS TO FACTOR-BASED INVESTING WITH EXCLUSIVE FOUNDATIONS PORTFOLIOS



FOUNDATIONS CORE SERIES POWERED BY BLACKROCK®

Powered by BlackRock, these models are forward-looking built with index funds across a range of equities, bonds and alternative investments. Their goal is to deliver the highest risk adjusted return possible, net of fees, with a keen eye on cost efficiency. The models trade semi-tactically with rebalancing opportunities quarterly, as well as, ad-hoc.

FOUNDATIONS SMART CORE SERIES POWERED BY BLACKROCK®

Powered by BlackRock, these models are forward-looking and will have a higher weighting to factor strategies as a percentage of the overall portfolio which will attempt to provide a higher alpha target. This will increase the cost of the model, but again provide investors greater exposure to an additional source of potential alpha targeted via factor investing. The models trade semi-tactically with rebalancing opportunities quarterly, as well as, ad-hoc.

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